

MINUTES
Highway Expansion and Extension Loan Program

Advisory Committee Meeting
November 7, 2000

Committee Members Present:

Mary Peters
Cliff Potts
Bruce Hilby

Gary Magrino
Jeff Martin
Tami Ryall

Members Absent: Paul Schwartz, Jeff Martin

Others Present:

John McGee, ADOT Chief Financial Officer
Shawn Dralle, ADOT
Chuck Eaton, ADOT
John Carr, ADOT

Vicki Tsutsumida, FHWA
Anna-Marie Perry, ADOT
Steve Schaefer, ADOT
Tim Ahrens, PAG

Call to Order

The meeting was called to order by Chair Mary Peters at 1:45 p.m. A quorum was present.

Ms. Peters reported Mr. Schwartz was in the hospital with pneumonia.

Adoption of the Minutes of the August 17, 2000 Regular meeting, and October 3, 2000 Study Session:

Ms. Peters called for approval of the minutes of the August 17, 2000 Regular meeting and October 3, 2000 Study Session. Mr. Magrino moved for approval and Mr. Potts seconded the motion. Motion carried unanimously.

Staff Report

Prior to discussion, Ms. Peters thanked Ms. Dralle for all she had done with the program and wished her the best as she returned to investment banking. Ms Dralle assured the Committee the transition would be smooth with both Mr. Schaefer and Ms Perry on board.

Ms Dralle explained timing did not allow mailing the full packet prior to the meeting. Ms Dralle told the Committee processing the applications for the City of Phoenix and Pinetop to Hondah had taken more time than anticipated.

Ms. Dralle reviewed the Cash Status and Loan Status reports. Ms. Dralle explained Mr. Schaefer has developed and prepared a summary of the out reach program the Committee had requested. The plan covers the next six to twelve months and includes a summary of the past three months. Ms Ryall asked when staff anticipated a mailing would occur. Mr. Schaefer explained that a decision as to when to mail, before or after the holidays, had not been made. Ms. Dralle stated the out reach report will be updated and distributed on a regular basis, and would take on a more report like format.

Mr. Potts stated the program looked comprehensive. He suggested the mail out be sent to elected officials a short time after the mailing had gone out to city officials. Mr. Potts also suggested presentations at regional council meetings.

Mr. Magrino stated he had recently watched a television news report regarding the advancement of SR51, the news commentator said the State of Arizona was going to help make that happen quicker. Mr. Magrino stated the Committee was aware of how the state was able to help advance the project, but the general public was not. Mr. Magrino stated they should be made aware of how the state could offer that type of assistance. Mr. Magrino suggested future press releases include the reason the state is able to assist with advancement of projects is because of HELP participation.

Ms. Dralle informed the Committee HELP Staff had met with FHWA on the SIB Best Practices survey. A completed questionnaire was in their packets for their review. Mr. Magrino asked if the minimum loan amount of \$250,000 was too high. Ms. Dralle gave some background, she said that at the beginning of the program a floor was set at what made sense to process a loan. Ms. Dralle explained the Committee had complete authority to waive, do away with or change the figure. The Committee was free to do away with the wording in the application guidelines if they felt it was too restrictive. Ms. Peters asked Mr. Schaefer to include the minimum loan amount in the outreach program as a discussion point.

The Committee was reminded by Ms. Dralle that it was time to look at making refinements to the application and marketing material as discussed at the October Study Session. Ms. Dralle told the Committee from a procedural standpoint, changes other than editorial, had to be approved by both the Advisory Committee and the Transportation Board, by statute.

Mr. Potts asked if the ADOT would receive a SIB Best Practices Report from FHWA and if recommendations would accompany the report. Ms. Tsutsumida responded that ADOT would receive the report. Ms. Tsutsumida stated recommendations would probably be along the lines of how Federal Highway Administration operates.

Update on City of Tucson Barraza -Aviation Parkway

Ms Dralle told the Committee the City of Tucson had not responded to requests for updated information. Staff would approach the City of Tucson as though a new application would be submitted sometime in the future. Ms Peters asked if the application would be viewed as active, Ms Dralle responded that the application was no longer active and would be removed from the monthly Loan Status Report beginning in December.

Mr. Potts asked if it would be possible for a loan to be made in FY 2001 before the funds were needed in FY 2002, given the estimated \$146 million balance projected in the cash flow. Ms Dralle explained that the repayments were scheduled into FY 2003 and beyond and it was unlikely that a project could be found to revolve the funds in a twelve-month period. Mr. McGee explained that the \$146 million was the estimated balance as of June 30, 2001, and included \$100 million in new BFO funding to be deposited in the March to June time period.

City of Phoenix IGA & Loan Repayment Agreement

Ms. Dralle informed the Committee the Intergovernmental Agreement (IGA) had been signed by the Department and was at the City for signature. She explained that the Department and the City felt that in addition to the Loan Repayment Agreement an IGA was necessary because of other project related

agreements. Ms. Dralle explained that the IGA detailed how the costs would be split between the Department and the City and timing of the project. Mr. Eaton explained that although the City is sharing a portion of the interest cost, the City wanted language that would give their council and attorneys comfort that by participating the City would be assured of the project's outcome. Ms. Dralle stated the loan would advance the project by a full 24 months. Mr. Eaton stated the project was actually two projects but would be bid as one project. Ms. Dralle further explained the application was submitted by the City the IGA is between the City and ADOT and the Loan Repayment Agreement is between ADOT and the Transportation Board. Ms Dralle stated MAG approved accelerating payment of the loan by two years at their July meeting. Ms. Peters explained part of the agreement with MAG was this project hold its place in priority, even if there are fluctuations in revenue so the repayment can be honored. Ms. Ryall added that even if the project slipped in the acceleration the repayment would keep its priority.

Ms. Peters called for a motion to approve recommendation of the application, Intergovernmental Agreement with the City of Phoenix and a recommendation for a loan repayment not to exceed \$22 million. Mr. Magrino moved for approval and Mr. Hilby seconded the motion. Motion carried unanimously.

ADOT Pinetop to Hondah Application

Ms Dralle stated this project is a continuation of an earlier statewide project accelerated with a HELP loan. Ms Dralle asked Ms Perry to walk through the acceleration. Ms. Perry stated the original application was submitted for \$9.82 million, the application was increased to \$10 million based on anticipated enhancement funds. Ms Perry explained funding for the project was originally in the statewide program for FY02 moved to FY00 and was in the process of being moved back to FY02. Mr. Carr explained funding was available, but the project was not showing as a line item in the current program. Action was being taken through PPAC and the Transportation Board to put the project funding back into the program as a line item. Ms Dralle stated the project had inadvertently been taken out of the 5-year plan and action was being taken to put the project back in the 5-year plan for acceleration with a HELP loan.

Ms Dralle explained the Committee was being asked to take action although the recommendation would not go to the Transportation Board until December. That technically the project still had to go through PPAC and State Transportation Board processes, the intent was to have the HELP application process completed when those actions came up. Ms Ryall asked if the Committee could approve a recommendation without the project being in the 5-year plan. In response to the question, Ms Dralle said she was confident the Committee could approve a recommendation if the motion was conditioned on the project being put back in the construction schedule. Ms Dralle pointed out that the 5-year plan included the project in the repayment schedule but not in the construction schedule. Ms Peters asked if action by the Committee would be conditioned on the necessary action by PPAC and the Board being taken.

Mr. Potts asked if putting the project back in the plan would eliminate another project. Mr. McGee explained the funds were available in the program, just not in the schedule in the sequence it would be accelerated. Ms. Peters asked Mr. Carr if sufficient public meetings had been held. Mr. Carr stated that meetings had been held in the area. Ms Dralle added the cost of the project had increased as a result of the public meeting.

Ms. Peters called for a motion to approve the application and a recommendation for a loan repayment agreement conditioned on PPAC and Transportation Board approval of the project. Mr. Potts moved for approval and Mr. Magrino seconded the motion. Motion carried unanimously.

Other

Ms. Peters recommended the Committee not meet in December and hold the next meeting on January 19, 2001, the day prior to January 12, 2001 Board Meeting. Ms. Peters said this would allow the Transportation Board the opportunity to attend the Advisory Committee Meeting and Committee Members to attend the farewell dinner for Jerry Williams and to attend the Transportation Board Meeting next day.

Ms. Dralle told the Committee discussions with staff indicated that for the next several months they would receive e-mail updates and meet every other month.

Ms Ryall asked if it would be possible to have a joint meeting in Pima County much like the Payson meeting. Ms Dralle and Ms Peters will work with Mr. Arnett, the incoming Board Chair.

Ms Dralle reminded the Committee of the Legislative Stakeholders meeting on November 15. Meeting adjourned at 2:40 p.m.